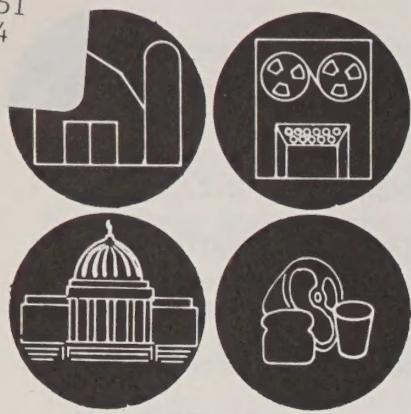


## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.





# POLICY RESEARCH NOTES

PUBLISHED BY THE NORTH CENTRAL REGIONAL PUBLIC POLICY RESEARCH COMMITTEE AND ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE, USDA

Number 5

January 1978

For professionals in Public Agricultural and Food Price and Income Policy Research  
Teaching, Extension, Policymaking

## INTRODUCTION

The objective of this newsletter is to enhance the quality of research by improving communication among professional workers in policy studies and policymaking. It focuses on price, income, and trade problems in the agricultural and food policy area. Requests for copies of the earlier issues of these Notes or for the latest *Policy Workers List*, and comments or suggestions about them may be sent to either address listed below.

### Contents of this issue:

- Announcements of Policy Activities, page 2
- Commentary: Congressional Action on the 1977 Farm Bill, page 8
- News Items, page 21
- Available Research Publications, page 29

Policy Research Notes is a cooperative effort of the North Central Regional Public Policy Research Committee and the Agricultural Policy Analysis Program Area, Commodity Economics Division, ESCS. The Notes are prepared by R.G.F. Spitze, Committee Chairman, 305 Mumford Hall, University of Illinois, Urbana, Illinois, 61801, and Cecil W. Davison, APA,CED,ESCS, 500 12th Street S.W., Washington, D.C. 20250.

## ANNOUNCEMENTS

### Food Policy Seminar Series Begins

ERS launched a seminar series on November 28, 1977, in Washington, D.C., designed primarily to generate additional research interest in the food policy area. William T. Boehm, project leader for Consumer Economics and Demand Analysis, NEAD, chaired the group that developed the seminars and can be contacted for information at CEDA, NEAD, ESCS, USDA, Room 260, 500 12th Street, S.W., Washington, D.C. 20250. The major papers will appear in a forthcoming issue of ESCS's new *Agricultural Food Policy Review*. The topics and dates of the series thus far are as follows:

November 28, 1977	The Emerging Concern for Human Nutrition and World Hunger
December 14, 1977	Public Assistance Programs and Food Purchasing
January 12, 1978	The Equitable Distribution of Food Aid
February 14, 1978	The Relationship Between Food Programs and the Food System
March 14, 1978	Efficiency in Food Program Operations

### NPPEC Conference Announced

The 28th annual National Public Policy Education Conference will be held September 11-15, 1978, at Burr Oak State Park in Ohio. A program focusing on several current policy issues is evolving: Food and Nutrition Policy Options; Public Policy Issues in Rural Development; Role of Small Farms in American Agriculture and Policy Options; International Trade in Agricultural Commodities, and Public Policy Education and the Land Grant Program. Fred A. Mangum, Jr., North Carolina State University, is chairing the program committee. Further particulars on the conference will be forthcoming from the Farm Foundation and the State Extension Directors.

### Policy Education Meeting in Great Plains

The GPC5 Committee of the Great Plains has scheduled a meeting in the near future limited to departmental administrators and public affairs specialists of that area

to discuss ways to continue and strengthen education work in the policy field. Such a gathering reflects the growing needs sensed in the several areas of public concern about agriculture, food, and the rural community of that region.

#### Competitive Grants Research

Increasing emphasis upon competitive funding of research administered by Cooperative Research (formerly Cooperative State Research Service) and new granting authorities within USDA's Science and Education Administration are likely to affect future research in agriculture and food policy. One such announcement just released invited proposals for research on the "basic behavioral factors which relate to food preferences and habits with emphasis on identifying and analyzing the demographic, cultural, social, institutional and economic variables and conditions determining consumer behavior." Methodological studies will be encouraged. Inquiries should be sent to:

Competitive Grants Office  
Room 405-W, SEA,  
U.S. Department of Agriculture  
Washington, D.C. 20250

#### Policy Chair Vacancy

Position: A few years ago ERS established a position in APA to be filled by visiting scholars on a rotating basis. This position, commonly referred to as the "Policy Chair" is open at the present time and interested persons are invited to apply.

#### Objectives of Position:

- (1) Broaden the interaction between Government and nongovernment economists who work in the general area of food and agriculture policy.
- (2) Provide an opportunity to develop a specific research project mutually beneficial to ESCS and the visiting economist.
- (3) Provide an opportunity for the visiting economist to interact with Government policymakers, to observe the policy process, and to participate in analysis of current policy issues.

Qualifications: Selection will be made on the basis of demonstrated interest and research background in food and agriculture policy.

Salary: Arranged jointly by CED, the cooperating institution, and the individual.

Contacts: Dr. John G. Stovall, Director, Commodity Economics Division, ESCS,  
202-447-8676

Dr. Preston LaFerney, Deputy Director and Policy Analysis Coordinator,  
Commodity Economics Division, ESCS, 202-447-8860

Dr. Milton Erickson, Leader, Agricultural Policy Analysis, Commodity  
Economics Division, ESCS, 202-447-8912

GHI Bldg., 500 12th St., S.W., Washington, D.C. 20250

Examples of Tasks or Research Topics:

- (1) Make a study of society's expectations from programs dealing with food and agriculture and determine the effectiveness of present programs in meeting those expectations.
- (2) Explore the implications of current farm policy and Government regulation on the structure and performance of the agricultural sector.
- (3) The Agricultural Policy Analysis program area has ongoing research projects in the areas of grain reserves, production adjustments, cost of production, development of models to be used as tools for analyzing current issues, investigating the relationship among international trade, and foreign aid and domestic policy. Specific research tasks could be undertaken in any of these areas and developed in cooperation with APA staff.
- (4) Provide review of and suggestions for the long-run research program of the Agricultural Policy Analysis program area.

Prior Participants:

Professor R.G.F. Spitze, University of Illinois

Professor Otto C. Doering, III, Purdue University

## "Your Food" Project

Wallace Barr, Ohio State University, coordinator of a national cooperative project between the USDA Extension Service and that University, reports the development of the following educational materials (some with an appropriate cost). Efforts have proceeded under the guidance of several interdisciplinary committees representing all regions, USDA, and the Farm Foundation.

### 1. Your Food: A Food Policy Basebook

Contains six chapters concerning food availability, distribution, sharing, quality, control, and policy.

### 2. Your Food Leaflets

Involves statements paralleling the above chapters for general policy education use with lay audiences.

### 3. Slide Tape Sets

Includes a multi-image slide cassette set on the food issue and six slide cassettes to accompany the above leaflets.

### 4. Teaching Aids

Provides sets of black and white overhead projection information, an accompanying narrative teaching aid, and a five-lesson correspondence course.

Further information is available from Barr or the Public Affairs Specialist and Extension Director of each State or the Federal Extension Service.

## International Food Policy Proceedings Available

Papers developed for the USDA ERS International Food Policy Conference in April 1977, Washington, D.C., have just been published as *International Food Policy Issues--A Proceedings*, ERS Foreign Agricultural Economics Report No. 143, January 1978. For information and distribution, contact Sharon Webster, FDCD, ESCS, USDA, Room 310, 500 12th Street, S.W., Washington, D.C. 20250.

## North Central Policy Research Efforts

The Agricultural Price and Income Policy Task Force of the North Central region, including representatives from most of the States, ERS, and the Farm Foundation, met in Chicago, June 27-28, 1977, with the following agenda:

1. Review of current developments in agricultural and food legislation.
2. Reports from each State represented, from ERS, and from the Farm Foundation on public price and income policy research and on related activities underway.
3. Presentation and "brainstorming" of specific and different general national policy proposals by five members as a means of stimulating creative policy research on innovative alternative policies.
4. Identification of eight priority areas of needed research in the price-income-trade area in view of current and foreseeable problems.
5. Discussion and recommendations about future regional efforts.

In conjunction with a phasing out of the recent NCRS regional committee structure, the Task Force recommended the continuation of its work through the establishment of a NCR Regional Committee on Public Policy to facilitate communication among policy researchers, to stimulate improved policy research, particularly in the price-income-trade area, and to consider a regional research project. The Task Force emerged in 1973 under the leadership of Jim Shaffer, Michigan State University. Bob Spitze, University of Illinois, is current chairman, and Dean Elmer Kiehl, University of Missouri, has served as Administrative Adviser.

A subcommittee (Paul Farris, Chr., Purdue University; Don Kaldor, Iowa State University; and Bob Spitze) met in October to consider initiating a regional policy research project. A project proposal titled, "Economic Consequences of Selected Provisions of the Food and Agriculture Act of 1977," was developed and submitted to the department administrators of the region.

Subsequently, the North Central Committee of Department Administrators has approved both a NCR (North Central--Research) Committee in Policy and the proposed

regional policy research project. These matters are now before the North Central Experiment Station Directors.

#### Trade Policy Project Moving

The national project funded by USDA Extension Service and centered at the University of Minnesota to develop extension education materials in agricultural trade and trade policy is scheduled to issue its first product, a reference handbook, this fall. Planning is also well advanced on a followup of about six leaflets for wide dissemination on the subject. Consideration is also being given to a slide series. Martin Christiansen, University of Minnesota, is chairing the effort.

#### Policy Effort Among Political Scientists Continues

Don Hadwiger, Iowa State University, reports that three major publications are in process to capture the contributions of political scientists and economists related to the Agricultural Policy Symposium in July 1977, Washington, D.C. It dealt with the political institutions, interest groups, and policymaking processes as well as program content in a broad range of agricultural and food policy issues. Abbreviated versions of the papers will appear in the forthcoming June 1978 issue of the *Policy Studies Journal*. Complete versions of the papers are now scheduled for publication in late 1978 or early 1979 as follows:

*The New Politics of Food*, Lexington Heath Publishing Co. (focusing on domestic policy), and

*U.S. Agriculture and Foreign Policy*, Praeger and Co. (focusing on domestic policy).

Additional conferences are being planned to involve political scientists. Others giving leadership to the above efforts include Bill Browne, Central Michigan University, and Dick Frankel, Johns Hopkins University.

#### Trade Symposium Proceedings Going to Press

Scheduled for fall publication is a University of Nebraska Press book titled, *Trade and Agriculture: Problems and Policy*, edited by Jimmye S. Hillman and Andrew Schmitz. Developed out of the April 1977 Arizona symposium, the book provides a

thorough examination of the problems and policies relevant to international trade in agricultural commodities with emphasis on research needs. It includes four major sections of several chapters each: Introduction; Re-examination of the Theory of Gains of Trade as Affecting Agriculture; Analysis of Agricultural Trade Policy Problems; Research and Research Needs. Further information concerning availability may be obtained from the University of Nebraska Press or the senior editor.

#### Proceedings of the Agricultural and Rural Data Workshop

The proceedings are now available from the Agricultural and Rural Data Workshop sponsored by the AAEA Economic Statistics Committee in conjunction with the Statistical Reporting Service, Economic Research Service, and the Agricultural Marketing Service of USDA and held May 4-6, 1977, in Washington, D.C. This workshop brought together producers and users of data to develop suggestions and recommendations for use by agencies responsible for improving data and data series.

Series A on *Price Reporting, and the Capacity of the Food and Fiber Systems* is now available from W.E. Kibler, Deputy Administrator, ESCS,USDA, Room 5863-S, Washington, D.C. 20250.

Series B on *Indicators of Economic Well-being of People Engaged in Farming and of People in Rural Communities* is available from Information Division, Publications Services, ESCS,USDA, Washington, D.C. 20250.

#### COMMENTARY

##### *Congressional Action on the 1977 Farm Bill* by Allen C. Grommet

The new Food and Agriculture Act of 1977 has been passed by Congress and signed by the President since the last issue of the *Policy Research Notes*. The new farm bill includes a unique set of provisions. The real agriculture policy question addressed here is not so much what the bill provides, but how it was formulated.

In previous *Commentaries*, J.B. Penn outlined the implications of failure to pass any new legislation in 1977, R.G.F. Spitze outlined the basic policy alternatives

that the President and the Congress might have considered, and C.W. Davison and T.A. Stucker reported on the progress of the legislation from January through August 1977. This commentary will build on those earlier articles and will focus on the provisions of the new bill as approved along with the House and Senate Agriculture committee activity and floor debates.

As a professional staff member of the House Budget Committee, what I say must be considered in terms of my involvement during the Congressional legislative debate. The Chairman of the House Budget Committee was generally in opposition to the expanded costs of the commodity provisions of the new program. These comments, however, do not and cannot represent the views of any member of the House Budget Committee.

#### Congressional Debate on the Bill

Congressional consideration of the farm bill started simultaneously in both Houses in 1977. The Budget Act passed since the debate on the last Act (1973) required that the Agriculture Committees of both Houses report authorizing bills by May 16 (in 1977) if the bill was to take effect on October 1 of that year. The House, however, worked more slowly on its bill than did the Senate. Its Agriculture Committee had fewer members, making compromise easier, or at least more expedient. While this bill made many significant changes in existing legislation, the hardest fought issues were the levels of price supports.

#### The Senate

The Senate Agriculture Committee's work began with publication of *Farm and Food Policy 1977*, dated September 13, 1976, and staff preparation of an initial bill for introduction by Senator Talmadge, the Committee Chairman. As the new Congress began work in January 1977, Senator Talmadge, along with several other colleagues, introduced their proposed legislation.

The Committee held early morning meetings, starting at 8 a.m., to discuss and write a Committee version. When Secretary Bergland announced the Administration

proposal, Senators clearly demonstrated their displeasure with the levels of support. The Senate Committee not only approved support levels much higher than in the President's recommendation, but increased the supports on the 1977 crop as well.

The debate in the Senate Agriculture Committee was quite extensive on each fine point of the bill. The Department of Agriculture's Director of Agriculture Economics, Howard Hjort, and other officials of the Department met daily with the Senators to discuss the economic implications of alternative policies. The issues consuming the most time were the level of supports, discontinuing use of crop allotments in favor of using current plantings as the basis for administering programs, reauthorization of agricultural research and the change in the purchase requirement for food stamps.

All farm and food related lobby groups watched the Committee regularly in its early morning sessions. Pressure for specific positions, however, was particularly strenuous compared to lobbying on other Congressional issues. Members of a new interest group called W.I.F.E. (Women in Farm Economics) made regular visits to offices of committee members to recommend raising the support levels. Wheat growers made their position clearly known: they needed higher price supports. Feedgrain producers quickly discovered that the wheat growers were going to make the case for higher supports and that the former could benefit from equal proportionate increases. Thereafter, feedgrain producers did not make a strong lobby effort. Livestock producers generally maintained a low key, watched the proceedings, but did not push for any strong positions. Dairy producers (mostly Associated Milk Producers, Inc.) asked for and got milk price supports at 80 percent of parity.

Sensing that the time was right for passage and facing difficulties scheduling the bill around pending energy legislation, the Senate leadership scheduled its debate on the Senate floor less than a week after the bill was reported on May 16. The fast action caught the budget process unaware. The Congressional Budget Office could scarcely prepare the required cost estimate of the bill before the debate started. The Senate Budget Committee did not receive a printed copy of the bill

until after debate was underway.

One of the most significant challenges to the bill on the Senate floor came as Senator Muskie, Chairman of the Senate Budget Committee, offered two amendments to set a lower wheat target price for 1977 crops and to cut back the loan and target levels for 1978 and later crops. The farm bill, as reported, clearly exceeded the budget targets in the First Budget Resolution, the initial budget adopted by Congress. President Carter supported the Muskie Amendments and thought of these amendments as his second compromise since the initial introduction of the bill. Proponents of the Muskie Amendments said the cost of the farm commodity provisions was too high. Agriculture Committee members and other farm state Senators generally argued that the support levels were still below the farmers' actual cost of production.

Senate floor debate on the farm bill lasted only two days, May 23 and May 24. Twenty-four amendments were offered, but twenty-one of them made only minor changes in the bill. The three amendments rejected spurred the most controversy. Two of them were the Senator Muskie defeats. The other was proposed by Senator Dick Clark of Iowa to raise the 1977 target price for corn to \$1.85 from \$1.70 per bushel. Senator Talmadge opposed all of the Muskie and Clark Amendments. On May 24 the Senate passed the amended bill 69-18.

In general, the Senate passed the farm bill without much trouble. Historically, the Senate finds it easier to pass higher price supports than the House. The quick timing of the Senate debate on the farm bill probably caught many opposition forces unprepared. Furthermore, the strong lobby efforts were aimed at the House where passage of higher price supports was known to be more difficult than in the Senate.

#### The House

Although many House members introduced farm bills, the House Agriculture Committee decided to draft their farm bill internally. Hearings were held by the full Committee to seek the guidance of interest groups, Congressional members, and

the Administration.

The first draft of the House farm bill was constructed by the Agriculture subcommittees. Wheat and feedgrain policy was drafted by the Livestock and Grain Subcommittee. The Cotton Subcommittee prepared the first draft of the cotton title in the bill. Other subcommittees prepared the titles appropriate for their jurisdictions.

The draft prepared by the subcommittees produced spending levels above those prepared by the Senate Committee. The levels clearly exceeded the Administration's recommendations. At this point, the Secretary of Agriculture and the President realized they were in trouble if they continued to hold for their lower price support levels. The Administration's problem became how much to raise its recommended price supports to gain Congressional votes sufficient to pass the bill without stretching the cost of the program beyond the minimum necessary for passage.

Armed with a revised proposal that increased the 1978 target prices on wheat from \$2.60 a bushel to \$2.90 a bushel and corn from \$1.75 a bushel to \$2.00 a bushel, the Administration threatened to veto the farm bill if it went beyond these limits. Representative Tom Foley, Chairman of the House Agriculture Committee, used his position to force a hard vote in his Committee to reduce the 1978 target levels in their draft proposal to \$3.00 for wheat and \$2.10 for corn. The vote was a tense 23-22 decision by the 45 member Committee with Chairman Foley voting 14 proxies in favor of the amendment. All 14 Republican members voted against the Chairman after a Findley amendment to substitute the original Administration position failed.

The food stamp bill as originally reported by the full Committee included only the regular authorizing portions of food stamp legislation. The entitlement portions were handled by the Committee the last half of May and beginning of June. The Budget Act allowed legislation dealing only with entitlements to be reported later than the authorized sections. The farm and food stamp bills were

combined by the Rules Committee before the legislation was debated on the House floor. The major issues in the food stamp section of the bill were the decisions to eliminate the purchase requirement for food stamps and to limit annual program spending.

The close Committee vote on the commodity support levels led the wheat state representatives to seek higher price supports on the floor. Congressman Glenn English from Oklahoma, Keith Sebelius from Kansas, Thomas Harkin from Iowa, and Richard Nolan from Minnesota worked collectively to organize the effort.

House floor debate was delayed until after the July 4 recess due to the Committee's work on food stamps and the busy House schedule. For eight legislative days, the House debated the bill and considered over 70 amendments. More than 40 amendments were offered for the farm commodity sections alone.

The additional time before the House floor debates on the farm bill allowed the wheat block to lobby all the House Members and the Congressional Budget Office to complete a study comparing the Administration-recommended, the Senate-passed, and the House-reported farm bills. Interest groups helped prepare amendments for every conceivable favorite issue. Over 40 amendments were announced before the debate even started.

As the time approached for the House floor debates, Chairman Foley and the Administration realized that the wheat block farmers had, in fact, recruited almost enough votes to pass higher price support levels. Faced with a close House vote and the probability of losing the lower supports in conference, the Administration compromised again rather than face defeat and Chairman Foley offered the amendments for higher supports for both wheat and corn.

After the amendments were offered, the only discernible protest against the increase came from the Chairman of the House Budget Committee, Robert Giaimo. These amendments clearly violated targets of the First Budget Resolution, but a majority of House members were willing to accept the consequence of a higher deficit.

Another issue highly debated on the House floor was an amendment to initiate a new sugar price support program. Congressman de la Garza from Texas offered an amendment to support the price of raw sugar at 55 percent of parity, (or approximately 14 cents a pound) through government loans or import tariffs. The issue was hotly debated, but in the end, sugar farmers received their subsidies, the Administration and Budget Committees successfully restricted the amendment to two years, and Labor gained a new minimum wage rate for sugar workers. The unique aspect of this debate is that a whole new support program was initiated as an amendment on the House floor without the benefit of Committee hearings or recommendations. Sugar was not included in the Senate bill.

Although conservative Republicans and Democrats were not able to prevent elimination of the purchase requirement for food stamps, they were able to gain adoption of an amendment placing a cap on spending for a food stamp program at \$5.8 billion for fiscal year 1978. This was passed over the strong objections of labor unions, consumers, and the Administration.

Other issues important in the debate were the level of payment limitations, the level of peanut subsidies, an attempt to eliminate tobacco supports, a new allotment system for cotton, revised standards for ice cream ingredients, initiation of a new long-term grain reserve program, tightening guidelines for the Food for Peace Program (P.L. 480), a tax for a new wheat research program, and grain inspection amendments. These questions and debates on many other issues proved to non-farm Congressmen that agricultural and food legislation was, indeed, complicated.

On July 28, the House passed its bill by a vote of 294-114. The margin was more than enough to sustain a Presidential veto. With the House amendments, the difference between the House and Senate bills diminished.

#### The Conference

The pause between the House floor debates and the initiation of the Conference

proceedings on August 1 was only two weekends, but it launched a week of intensive negotiations.

The principle issues were the level of supports for wheat and corn and whether to adopt a new sugar program. The Administration told the Conferees that it had conceded as much as it could on these two issues. In order to avoid a veto the wheat and corn support levels could not exceed the House bill, and the sugar subsidy program in the House bill had to be eliminated. The controversy led to a dramatic show-down when Secretary Bergland visited the Conferees for a two-hour meeting to reach a compromise solution.

The deadlock on the first issue was broken when Senator Humphrey offered a compromise of a wheat target price for 1978 at \$3.05 per bushel if farmers produced less than 1.8 billion bushels a year, but only \$3.00 per bushel if they produced more. With that compromise, the Senators were willing to accept the House target price for corn at \$2.10 per bushel in 1978.

Sugar was just as difficult. The compromise was to set the support level at 52.5 percent of parity, but not less than 13 1/2 cents per pound. This was equivalent to the support rate promised in the Administration's direct payment program which many agricultural Congressmen did not like.

While the Conferees worked out their differences on the farm commodity sections by day and the food stamps section of the bill by night, staff representatives of the House and Senate Committees labored over a compromise on the agricultural research title in the bill. The research compromise was later introduced by the Committee Chairmen with few issues remaining. For the first time, agriculture research now has an authorized spending limit. Annual appropriations cannot exceed a specific amount for each year. Furthermore, new research grants will be offered on a competitive basis rather than on the traditional allocating formulas among the land grant institutions.

The Conference did not complete its work in time for its report to be prepared and the two Houses to vote on the compromise bill before the planned

August recess. Final action on the compromise bill had to wait until after the August 1977 recess. When the Senate returned, it quickly adopted the Conference report by a vote of 63-8 on September 9. The House approved the Conference report 283-107 on September 16.

The President

Given the amount of communication between the two Agriculture Committees and the Administration, there was little doubt that the adopted bill would be signed by the President. Even though the bill exceeded the bounds beyond which the Administration had threatened a veto, the bill appeared reasonably close. The votes in both Houses indicated that the Congress could probably override a Presidential veto. President Carter's only choice was to sign the bill or face the consequences of a veto override. Even worse, if Congress failed to override his veto, President Carter would receive heavy criticism for killing the only chance for such legislation in 1977. Noting that the new bill would take effect on October 1, the President signed the bill on September 29.

The Final Provisions of the Food and Agriculture Act of 1977

The new Act included a broad range of issues of which only a few can be highlighted here. The new support levels established under the Bill are as follows:

Item		1977	1978
Wheat (\$/bushel)	Target Loan	2.90 2.25	3.00 (or 3.05) 2.35 (reduced to 2.25) <sup>1/</sup>
Corn (\$/bushel)	Target Loan	2.00 2.00	2.10 2.00
Cotton (\$/pound)	Target Loan	.478 <sup>2/</sup> .446 <sup>2/</sup>	.520 .440 (based on formula)
Soybeans	No target Loan		Beginning with the 1978 crop, loans are mandated but the level is discretionary with the Secretary.
Rice (\$/cwt.)	Target Loan	8.25 <sup>3/</sup> 6.19 <sup>3/</sup>	8.53 (preliminary) 6.40 (preliminary)
Peanuts (\$/pound)	Loan	--	.420
Dairy		Minimun price support of 80% parity from October 1, 1977 through March 31, 1979. Thereafter minimum reverts to 75% of parity.	
Wool (\$/pound)	Support level	.99	1.08

<sup>1/</sup> Based on a provision allowing a loan rate to be reduced to improve market competitiveness.

<sup>2/</sup> Supports under the 1973 Act, not changed by the 1977 Act.

<sup>3/</sup> Supports under the Rice Act of 1975, not changed by the 1977 Act.

The Secretary may raise the loan rates for all crops at his discretion (except cotton, which is set by a formula in the 1977 Act). The target rates, however, must be adjusted annually to reflect changes in the cost of production. These costs include variable, machinery ownership, and general farm overhead costs, while excluding the cost of land and management.

Congressmen and Senators used the information generated by a provision in the 1973 Act requiring the Department of Agriculture to survey farmers and report costs by commodities. Parity was rarely discussed in the debate. Target rates were debated in relation to national average costs of production.

A new provision allows the Secretary to reduce the loan rate for wheat and feedgrains by 10 percent any year the market price falls within 5 percent of the loan rate, to a floor of \$2.00/bu. for wheat and \$1.75/bu. for corn. Allotments are changed from a historic base to current planted acreage.

The existing payment limitation of \$20,000 per farmer for wheat, feedgrains, and cotton combined was adjusted upward to \$40,000 for the 1978 crop, \$45,000 for the 1979 crop and \$50,000 for the 1980 and 81 crops. Rice payment limits will be incrementally reduced from \$55,000 in 1978 to the overall limit of \$50,000 per farmer by 1980 and be included as part of the combined total for all crops in 1980 and 1981.

The peanut program was significantly changed to allow a two-tier support system. Peanuts produced within a quota are supported at the high level for domestic consumption while additional peanuts may compete in the world export market. The allowable acreage for quota peanuts will fall below the previous national allotment of 1.6 million acres.

A mandatory soybean loan program is required by the Act. A temporary sugar program supporting raw sugar at a minimum of 13 1/2 cents per pound is required until an international sugar policy is adopted.

The new law specifically authorized producer-held grain reserves. Under the program, wheat must be eligible for the longer-run (3-5 year) reserves, but

feedgrains are at the discretion of the Secretary. The wheat loans may be redeemed without penalty when the market price rises to 140 to 160 percent of the existing support price and the redemption of loans may be required when the market prices reach 175 percent of the loan rates. The redemption rate for feedgrains is set by the Secretary.

This Act included authorization of the Food for Peace (P.L. 480) program for four more years. Changes make the program more accessible to small exporting firms, and constrain Title I sales to appropriation limits.

A research title in the bill authorized competitive grants for the agricultural research institutions and funding limits for research and extension programs, while giving new directions for agricultural research.

The Food Stamp Program was again included in the bill, but now food stamp recipients will be able to receive the benefits without a purchase requirement. The program was revised to limit total annual program expenditures and to reduce fraud.

#### Summary of Congressional Action

Many uncertainties were apparent during the debate leading up to the 1977 Act. However, the biggest uncertainty seemed to be how far the President could be pushed in a bill dealing with farm commodities before he would exercise his veto. The new President and the new Secretary of Agriculture proposed and reacted to the developments in the bill with a newly organized staff and a bureaucracy they were not ready to trust. Essential communication channels for the development of policy among White House agencies and between these groups and the Department of Agriculture were conducted largely on an ad hoc basis. Experienced legislators on Capitol Hill balked at following the new Administration's initial proposals which they judged to be inadequate.

The most important decisions guiding the final results of the legislation were made in the Agriculture Committee or Subcommittees. The Administration or Budget

Committees could do little to alter significantly that course of direction when the bills reached the House or Senate floors.

A few specific lobbies were particularly effective. The wheat growers and the farm wives, represented by W.I.F.E., effectively organized the necessary votes to win the final support levels. Agricultural interests are expected to be well represented in the Agriculture Committees. On the floor of either House, however, additional interests are expected to have a chance to influence the bill. In the case of the 1977 Act, however, that did not happen because of effective lobbying by the wheat block, lack of concern among a majority of Congressmen about the additional funding requirements, and inactivity by interest groups normally prone to fight rising food costs and taxes. Other effective lobbies included sugar producers who wanted price supports and a group called "Bread for the World" that worked for grain reserves.

The new Congressional budget process was not effective as a deterrent to higher subsidies. The new bill included something or a promise of something for everyone. In the face of such a coalition, preserving spending targets on farm commodity programs was not the most important consideration. Substantive analyses and cost estimates by the Congressional Budget Office did provide Congressmen and Senators with more professional information than they had ever had while considering farm legislation.

Consumer interest groups were not active in the development of this bill because they lost some of their leaders who were appointed to important positions in the Administration and they were more interested in a bill creating a new Consumer Protection Agency. The Consumer Federation of America and other groups were willing to trade their support for higher farm commodity prices if rural Congressmen would support a Consumer Protection Agency. These Congressmen were more than willing to make that trade since they were quite aware that the Consumer Protection Agency bill was not going to move in the 1977 session, a prophecy fulfilled as the Congress closed its business in December.

POLICY RESEARCH NEWS ITEMS

(projects and activities as submitted)

Strategies in International Agricultural Marketing: Public vs Private

International markets for grain are analyzed using a structural approach. Elements of structure are identified as to number and size of private exporters and importers, number and size of international middlemen, and government policies in exporting and importing countries. These structural characteristics are used to analyze alternative pricing strategies of various participants, both public and private.

Request paper by above title from Alex F. McCalla, Department of Agricultural Economics, University of California, Davis, California 95616.

The World Grain Economy and the Food Problem

This paper examines world food prospects in terms of shifting market forces, points to trade restraints as a major source of insecurity and price volatility, and concludes with a review of food security options.

Request above article which appeared in *World Development*, 1977, Nos. 5-7, from author, Robbin S. Johnson, Public Affairs, Cargill, Inc., P.O. Box 9300, Minneapolis, Minnesota 55440.

Assessment of World Economic and Food Trends

This report provides an assessment of the dimensions of the general food situation and its underlying factors. It serves as a background for country modeling efforts underway in the Food and Agriculture Project at the International Institute for Applied Systems Analysis, Laxenberg, Austria.

Request monograph by above title from author, Stephen C. Schmidt, 305 Mumford

Hall, University of Illinois, Urbana, Illinois 61801.

OECD Annual Policy Review

The OECD Working Party on Agricultural Policies recently discussed and approved the second Annual Policy Report prepared by the Secretariat. This document highlights important recent policy developments occurring in member countries. The report contains a general survey, policy outlook, and short country notes on the US, USSR, EEC, Switzerland, Finland, Australia, and Austria. This published report and comprehensive review of Canadian policies should be available for sale in early spring.

Order from OECD Publications Center, Suite 1207, 1750 Pennsylvania Ave. N.W., Washington, D.C. 20006, or inquire from Herbert Raidl, Head, Agricultural Policies Division, Directorate for Agriculture, Organisation for Economic Cooperation and Development-2, rue Andre-Pascal, 75775 Paris 16, France.

International Capital Markets and U.S. Agriculture

International capital markets have expanded greatly in the last decade, with the private sector becoming an increasingly important component. The growing integration of this market has important implications for domestic monetary and fiscal policy and its impact on the agricultural sector. Research under way focuses on this change in economic environment, with the emphasis on the regime of flexible exchange rates.

Inquire about the above project and request related paper, "Income and Stability Implications of Monetary, Fiscal, Trade, and Economic Control Policies," in *Farm and Food Policy Symposium*, Great Plains Agricultural Council Publication No. 84, September 1977, from author, G. Edward Schuh, Center for Public Policy and Public Administration, Purdue University, West Lafayette, Indiana 47907.

Australian Feed Grain Demand, FAER No. 140

This study examines the demand for grains as feed in Australia and its effects on Australia's grain exports. Major explanatory variables hypothesized were: own price; substitute grain prices; livestock prices, and livestock inventory. Based on regression analyses, causal relationships were found between these variables and the feed consumption of wheat, barley, and sorghum. Oats and corn showed little or no response either to price or livestock inventory fluctuations.

Inquire about the project from Reed E. Friend, DCA, FDCD, ESCS, USDA, Room 324, 500 12th St. S.W., Washington, D.C. 20250. Request the report by title and number from ESCS Publications, USDA, Room 0054, South Building, Washington, D.C. 20250.

JAPAN: Production and Imports of Food, An Analysis of the Welfare Cost of Production, FAER No. 141

The net social cost of Japan's 1985/86 production goals for eight major food items is calculated under the assumption that these goals existed in 1975/76. Based on the Corden model and actual 1975/76 production and consumption levels, the actual social cost of producing the eight commodities in 1975/76 is estimated at \$387 million. Had the 1985/86 production goals been in effect, the net social cost would have been nearly \$8 billion.

Inquire about the project from Reed E. Friend, DCA, FDCD, ESCS, USDA, Room 324, 500 12th St. S.W., Washington, D.C. 20250. Request the report by title and number from ESCS Publications, USDA, Room 0054, South Building, Washington, D.C. 20250.

P.L. 480 Concessional Sales--History, Procedures, Negotiating and Implementing Agreements, FAER No. 142

This report includes: (1) the origin and history of Public Law (P.L.) 480, (2) general and specific considerations in negotiating P.L. 480 agreements, and (3) procedures for implementing the agreements. The glossary lists P.L. 480

terminology. The paper revises two previous reports, FAER-17, published in 1964, and FAER-65, published in 1970.

Inquire about the project from Arthur B. Mackie, ADRPA, FDCD, ESCS, USDA, Room 318, Washington, D.C., 20250. Request the report by title and number from ESCS Publications, USDA, Room 0054, South Building, Washington, D.C. 20250.

#### Information Systems for National Agricultural Policy Decisions

A study of the particular data and analysis processes that constitute the information system components of specific national agricultural policy decision processes.

Inquire of James T. Bonnen, Agricultural Economics Department, Michigan State University, East Lansing, Michigan 48824, and request related paper on "Economic Structure, Price Discovery Mechanisms and the Informational Content and Nature of USDA Prices" from author, Charles H. Riemenschneider, at same address.

#### The Changing Dimensions of U.S. Agricultural Policy

A new textbook (Illus.) by A. Desmond O'Rourke published by Prentice-Hall. It is designed to make agricultural policy issues more accessible to the average undergraduate, farmer, or concerned citizen.

Inquire from publisher or author, Department of Agricultural Economics, Washington State University, Pullman, Washington 99163.

#### A Flexible Farm Program for Wheat -A Proposal

This is a critique rather than a detailed research investigation. It attempts to incorporate "desirable" features of past programs to respond to varying demand. Supply adjustment is achieved by varying land retirement payments based upon available supplies. Detailed analysis is not included.

Request copy of report by above title from Robert L. Sargent, Agricultural

Science Building, University of Idaho, Moscow, Idaho 83843, or from A.H. Harrington, Department of Agricultural Economics and Rural Sociology, Washington State University, Pullman, Washington 99163.

Direct Combustion of Biomass for Electricity: Analysis and Impacts

A 50MW electrical generating facility fired with biomass has been proposed for construction in New England. A set of twelve reports assessing various implications of the installation has been prepared. Issues covered include landowner willingness to sell, consequences of biomass transport across public roadways, state and regional tax implications of the project, air emissions, and loss of soil fertility from accelerated harvesting.

Inquire about availability and price of above from Dennis Meadows, Director, Research Program on Technology and Public Policy, Box 8000, Dartmouth College, Hanover, New Hampshire 03755.

Energy Development and Impacts on The Ag. Sector

Specific energy development projects are being studied to assess their impacts on income changes for farm families and part-time farmers in the Western United States.

Inquire from Terry Glover, Department of Economics, UMC 35, Utah State University, Logan, Utah 84322.

Economic Impacts of Coal Strike on American Food and Agriculture

A report prepared for the Secretary of Agriculture concerning the impacts of the coal strike on agriculture, food supply, and rural residents.

Request the March 13 press release with the above title from Earle E. Gavett, Coordinator, Energy Related Research, IFFFS,NEAD,ESCS,USDA, Room 120, 500 12th St. S.W., Washington, D.C. 20250.

### Gasohol from Grain--The Economic Issues

Prepared for the House Budget Committee, this document examines the economics of producing ethanol from grain to support a national gasohol program (10 percent ethanol, 90 percent gasoline).

Request USDA-ESCS No. 11 by the above title from Earle E. Gavett, Coordinator, Energy Related Research, IFFFS,NEAD,ESCS,USDA, Room 120, 500 12th St. S.W., Washington, D.C. 20250.

### Farm, Off-Farm Labor, and Farm Family Income

The family labor supply decision is being analyzed to determine the effect of farm and off-farm labor supply on income generation and farm production efficiency.

Inquire from Terry Glover, Department of Economics, UMC 35, Utah State University, Logan, Utah 84322.

### Northwest Agricultural Policy Project

Sponsored by the Pacific Northwest Regional Commission, the project's objectives are: (A) to assess problems and issues likely to face PNW agriculture during the remainder of this century; (B) to identify and analyze alternative policies available to PNW policy-makers, and the potential impacts of these policies on future courses of agriculture within the region; (C) to inform policy-makers and the general public of the project's findings and results.

Inquire from Director of above project: James G. Youde, 700 East Evergreen Boulevard, Vancouver, Washington 98661.

### New Center at Purdue

A Center for Public Policy and Public Administration has been created at Purdue University to integrate the related work from the Schools of Engineering, Agriculture, and Management, and the fields of Humanities, Social Sciences, and Education.

Inquire about this new approach from the first Director, G. Edward Schuh,

Purdue University Center for Public Policy and Public Administration, ENAD Building,  
West Lafayette, Indiana 47907.

Equity Problems in Marketing Order Initiation

Marketing order equity problems identified in this paper basically stem from two inadequacies in the initiation process. These are (1) inadequate procedures for identification of affected parties and for communication with them, and (2) the lack of public objective criteria for evaluating proposals. Suggestions to improve equity are simple remedial modifications.

Request above report from T. M. Clevenger, Box 3169, Department of Agricultural Economics, New Mexico State University, Las Cruces, New Mexico 88003.

Forecasting Retail Values and Spreads for U.S. Farm Foods

This report aims at (1) forecasting quarterly retail food values and (2) examining the statistical relationships between the retail value, the farm value, and the farm-retail spread of a fixed sample of food products included in the USDA's market basket. Three models give (1) quarterly expected price indices and price flexibilities for meat, dairy, poultry and eggs at retail and farm levels, (2) quarterly projections for the retail values of nine different product groups of the market basket and their total values, (3) explanation of the variations between the spread and food values at retail and farm levels of the market. Analysis is based on 1965-75 data.

Inquire about above project from Theresa Y. Sun, NEAD, ESCS, USDA, Room 260, 500 12th St. S.W., Washington, D.C. 20250, and request USDA Technical Bulletin by the above title (dated Sept. 1977) from ESCS Publications, USDA, Room 0054, South Building, Washington, D.C. 20250.

Tobacco Task Force Studies Tobacco Price Support Program

The Secretary of Agriculture appointed a seven member task force in August

to examine the tobacco price support program and recommend needed changes. The Task Force held seven field hearings in September and October and identified three major problems related largely to flue-cured tobacco: (1) loss of markets, foreign and domestic; (2) high cost of leasing, and (3) potential losses to CCC from unduly large quantities of lower stalk tobacco in loan stocks.

Request interim report by above title from Robert H. Miller, ESCS,USDA, Room 200, 500 12th St. S.W., Washington, D.C. 20250.

#### Household Behavior and Demand Analysis

The objectives of the research project are: (a) to develop models of economic behavior of households with particular emphasis on behavior with respect to food consumption, (b) to analyze the demand for food and related services, and (c) to develop improved techniques of demand analysis including methods for analysis of time series, cross-section and panel data.

Inquire about the above project and request related USDA Technical Bulletin, *Estimates of Elasticities for Food Demand in the United States*, by J. S. Mann and G. E. St. George, from Jitendar S. Mann, NEAD,ESCS,USDA, Room 260, 500 12th St. S.W., Washington, D.C. 20250.

#### Market Changes in a Vertical Market Chain

Changes in retail, processor, and other intermediate markets for specific food items are being analyzed and their specific effects on farm product prices are being traced.

Inquire from Terry Glover, Department of Economics, UMC 35, Utah State University, Logan, Utah 84322.

POLICY RESEARCH PUBLICATIONS AVAILABLE

(list as submitted)

BABB, E. M. and J. E. PRATT. Projections of Federal Milk Marketing Order Performance Under Alternative Pricing and Pooling Provisions. Station Bulletin 171.

Request from Babb, Purdue University, W. Lafayette, Indiana 47907.

BACK, W. B., ed. Technology Assessment: Proceedings of An ERS Workshop. April 20-22, 1976, AG ERS-31.

Request from Back, also author of papers, NEAD,ESCS,USDA, Room 262, 500 12th St. S.W., Washington, D.C. 20250.

BONNEN, JAMES T. "Observations on the Changing Nature of the National Agricultural Policy Decision Process: 1946-1976."

Request above paper to be published by the National Archives from author, Agricultural Economics Department, Michigan State University, East Lansing, Michigan 48824.

BREIMYER, HAROLD F. "A New Farm and Food Law." Challenge, Nov.-Dec. (1977): 56-59.

Request the above article from author, Department of Agricultural Economics, University of Missouri, Columbia, Missouri 65201.

BREIMYER, HAROLD F. (1) "U.S. Agricultural Policy and the Agricultural Outlook." July 1977. (2) "Overview of Agricultural Policy Issues - An Academic Viewpoint." December 1977.

Request above speeches from author, Department of Agricultural Economics, University of Missouri, Columbia, Missouri 65201.

BREIMYER, HAROLD F. "The Capper-Volstead Act: A Historical and Philosophical Assessment." June 1977.

Request above speech from author, Department of Agricultural Economics, University of Missouri, Columbia, Missouri 65201.

BURNSTEIN, HARLAN. Welfare Implications of Stability in Agricultural Commodity Markets. AERS-132.

Request from author or M. C. Hallberg, both at 101 Weaver Building, Pennsylvania State University, University Park, Pennsylvania 16802.

FOLWELL, R. J. and HOSEIN SHAPOURT. An Econometric Analysis of the U.S. Beef Industry. WSU Technical Research Bulletin.

Request from Folwell, Department of Agricultural Economics, Washington State University, Pullman, Washington 99164.

GRAF, TRUMAN. "One Price for Milk." Agricultural Economics Staff Paper Series No. 134, October 1977.

Request from author, 316 Agriculture Hall, University of Wisconsin, Madison, Wisconsin 53706.

GRAF, TRUMAN. "Economic Analysis of Dairy Marketing Organization Services -- Policy Implications."

Request from author, 316 Agriculture Hall, University of Wisconsin, Madison, Wisconsin 53706.

HARKER, J. MICHAEL. "The New Farm Bill."

Request from author, Department of Agricultural Economics, University of Idaho, Moscow, Idaho 83843.

HARKER, J. M., E. L. MICHALSON, and N. L. MEYER. "Erosion Control: An Issue in American Farm Policy." Current Info Series, No. 415.

Request from Harker, Department of Agricultural Economics, University of Idaho, Moscow, Idaho 83843.

HARRISON, GERALD and E. O. HEADY. Acreage Diversion Response Under the 1960-71 Feed Grain Program. Iowa State University CARD Report 71.

Inquire about availability from Earl O. Heady, Director, Center for Agricultural and Rural Development, Iowa State University, 578 E. Hall, Ames, Iowa 50011.

HEADY, E. O., THOMAS REYNOLDS, and KENNETH BAUM. "Tax Policies to Increase Farm Prices and Income: A Quantitative Simulation."

Request above paper from Earl O. Heady, Director, Center for Agricultural and Rural Development, Iowa State University, 578 E. Hall, Ames, Iowa 50011.

MALCZYK, M. and M. H. HAWKINS. Canadian Feed Grain Policy: 1935-1977. University of Alberta, Department of Rural Economy General Information Bulletin.

Request from Hawkins, Department of Rural Economy, University of Alberta, Edmonton, Canada, T6G 2H1.

MARSH, J. S. United Kingdom Agricultural Policy of the European Community. Center for Agricultural Strategy, University of Reading, RG6 2AT, England, 1977.

Request information about availability from J. C. Bowman at above address.

MEISTER, A. D., C. C. CHEN, and EARL O. HEADY. Quadratic Programming Models Applied to Agricultural Policy Problem. Iowa State Press, 1978.

Inquire about the availability from Earl O. Heady, Director, Center for Agricultural and Rural Development, Iowa State University, 578 E. Hall, Ames, Iowa 50011.

MILLER, ROBERT H. "Cigarette Sales Trends and the Anti-smoking Campaign." September 1977, 9pp.

Request above speech from author, ESCS, USDA, Room 200, 500 12th St. S.W., Washington, D.C. 20250.

PENN, J. B. "1977 Food and Agricultural Policy: The Political Setting in Washington." Journal of the Northeastern Agricultural Economics Council. Vol. VI, No. 2, October 1977, pp. 168-176.

Request above article from author, Council of Economic Advisors, OEOB, Room 320, Stop 20, Washington, D.C. 20506.

PENN, J. B. "Some Implications of the 1977 Food and Agriculture Legislation." Paper presented at the 27th National Public Policy Education Conference, Otter Rock, Oregon, September 12, 1977, 27 pp.

Request from author, Council of Economic Advisors, OEOB, Room 320, Stop 20, Washington, D.C. 20506.

PENN, J. B. and WILLIAM T. BOEHM. "Research Issues Reemphasized by 1977 Food Policy Legislation." Agricultural Economics Research, Vol. 30, No. 1, January 1978, pp. 1-14.

Request from author, Council of Economic Advisors, OEOB, Room 320, Stop 20, Washington, D.C. 20506.

SCHUH, G. EDWARD. "Approaches to 'Basic Needs' and to 'Equity' as Related to Incentives in Agriculture" and "Economic Policy and Agricultural Development: The Importance of Implicit Taxes."

Request from author, Center of Public Policy and Public Administration, Purdue University, West Lafayette, Indiana 47907.

SCHUH, G. EDWARD. "The World Food Problem: A Challenge for Change in Institutions and Policies" and "U.S. Policy Choices on Trade, Aid, and Development in a Changing World Food Situation."

Request from author, Center for Public Policy and Public Administration, Purdue University, West Lafayette, Indiana 47907.

SCHUH, G. EDWARD. "Policy and Research Implications of the Rural Income Maintenance Experiment."

Request from author, Center for Public Policy and Public Administration, Purdue University, West Lafayette, Indiana 47907.

SPITZE, R. G. F. "The Evolution of Public Agricultural and Food Policy." Illinois Research 20 (Winter, 1978).

TOWL, KENNETH. "Cargill, Inc: Managing Corporate Public Policy in a Changing External Environment." Case prepared by author under direction of Ray A. Goldberg, Harvard Business School, 1977, 20 pp.

Request from Goldberg, Graduate School of Business Administration, Harvard University, Soldiers Field, Boston, Massachusetts 02163.

VOCKE, GARY F. and E. O HEADY. Economic Impact on U.S. Agriculture from Insecticide, Fertilizer, Soil Loss and Animal Waste Regulating Policies.  
Iowa State University CARD Report 73.

Inquire about availability from Earl O. Heady, Director, Center for Agricultural and Rural Development, Iowa State University, 578 E. Hall, Ames, Iowa 50011.

WYCKOFF, J. B. "Allocation Problems of Public Lands in the West." Western Journal of Agricultural Economics. 1(1977): No. 2.

Request from author, 240 Extension Hall, Oregon State University, Corvallis, Oregon 97331.